

April 13, 2001

Legislative Audit Commission  
622 Stratton Office Building  
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the third quarter of Fiscal Year 2001, which ended March 31, 2001.

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## ***FISCAL MATTERS***

<b><i>FY 2001 – THIRD QUARTER</i></b>				
	<b><i>Appropriation</i></b>	<b><i>Expended</i></b>	<b><i>Obligated</i></b>	<b><i>Balance</i></b>
Personal Services	\$ 3,622,617	\$ 2,624,977	\$ 0	\$ 997,640
Employee Retire. (Employer)	144,905	96,404	0	48,501
State Retirement	360,233	261,085	0	99,148
Social Security	277,130	194,009	0	83,121
Contractual Services	558,645	392,141	112,002	54,502
Travel	100,000	59,359	0	40,641
Commodities	25,000	7,945	0	17,055
Printing	20,000	10,673	1,968	7,359
Equipment	35,000	17,411	0	17,589
EDP	120,000	82,584	14,850	22,566
Telecommunications	85,000	38,256	0	46,744
Oper. of Auto. Equip.	5,000	1,008	0	3,992
Audits/Studies/Invest.*	<u>11,987,250</u>	<u>5,433,760</u>	<u>2,124,598</u>	<u>4,428,892</u>
<b>TOTAL</b>	<b><u>\$17,340,780</u></b>	<b><u>\$9,219,612</u></b>	<b><u>\$2,253,418</u></b>	<b><u>\$5,867,750</u></b>
*Audit Expense Fund				

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## ***PERSONNEL***

<b><i>PERSONNEL</i></b>					
	<b><u>01-01-01</u></b>	<b><u>Appointments</u></b>	<b><u>Separations</u></b>	<b><u>Transfers</u></b>	<b><u>03-31-01</u></b>
<b>Springfield</b>	<b>64</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>64</b>
<b>Chicago</b>	<b><u>09</u></b>	<b><u>0</u></b>	<b><u>1</u></b>	<b><u>0</u></b>	<b><u>08</u></b>
<b>TOTAL</b>	<b><u>73</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>0</u></b>	<b><u>72</u></b>

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## ***CONTRACTS***

During the third quarter of Fiscal Year 2001 the Office of the Auditor General entered into one financial/compliance audit contract, one administrative contract and five information systems contracts.

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## ***TRAINING***

Training for the third quarter of Fiscal Year 2001 included Accounting and Auditing Updates. Additional external training that staff participated in includes Dreamweaver Introduction, Dreamweaver Advanced, Electronic Commerce, Entrust Secure Summit 2001, High Impact Communication Skills for Women, How to Supervise People, IS Auditing in a Distributed Computing Environment, Project Management and Government Information Locator Service Conference.

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## ***PERFORMANCE AUDITS***

<b><i>PERFORMANCE AUDITS IN PROGRESS</i></b>
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<b><i>AUDITS</i></b>	<b><i>ESTIMATED RELEASE DATE</i></b>
<ul style="list-style-type: none"><li>• Compliance and Management Audit of Chicago's Airports (PA 89-386)</li><li>• Management Audit of Agencies Funding Regional Offices of Education (LAC No. 118)</li><li>• Management Audit of Health Facilities Planning Board (PA 91-0782)</li><li>• Management Audit of IEPA's Vehicle Emission Testing Program (LAC No. 119)</li><li>• Audit of Distributions from the Municipal Economic Development Fund (PA 90-813)</li></ul>	Unknown  Spring 2001  Summer 2001  Summer 2001  Summer 2001

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## ***FINANCIAL & COMPLIANCE AUDITS***

The following is a listing of financial and compliance audits for the period ending June 30, 2000. As the year progresses the "date released" column will be completed.

<b><i>FINANCIAL &amp; COMPLIANCE AUDITS FOR THE PERIOD ENDING JUNE 30, 2000</i></b>
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*F = Financial*

*C = Compliance*

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>DATE RELEASED</i></b>
Attorney General			
Capital Development Board	x	x	02-28-01
Chicago State University			
Chicago State University Foundation			
Comptroller – Fiscal Officer			

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**FINANCIAL & COMPLIANCE AUDITS** (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Comptroller – Non-Fiscal Officer			
Department on Aging	x	x	03-27-01
Department of Agriculture (DuQuoin Fair)		x	03-14-01
Department of Agriculture (IL State Fair)		x	03-14-01
Department of Central Management Services	x	x	03-07-01
Department of Central Management Services (Deferred Compensation Plan)			
Department of Children and Family Services			
Department of Commerce and Community Affairs	x	x	03-07-01
Department of Corrections – General Office			
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>			
Dept. of Corrections, Correctional Center – <i>Centralia</i>			
Dept. of Corrections, Correctional Center – <i>Danville</i>			
Dept. of Corrections, Correctional Center - <i>Decatur Womens</i>			
Dept. of Corrections, Correctional Center – <i>Dixon</i>			
Dept. of Corrections, Correctional Center - <i>Dwight</i>			
Dept. of Corrections, Correctional Center - <i>East Moline</i>			
Dept. of Corrections, Correctional Center – <i>Graham</i>			
Dept. of Corrections, Correctional Center – <i>Hill</i>			
Dept. of Corrections, Correctional Center - <i>IL River (Canton)</i>			
Dept. of Corrections, Correctional Center – <i>Jacksonville</i>			
Dept. of Corrections, Correctional Center – <i>Joliet</i>			
Dept. of Corrections, Correctional Center – <i>Lincoln</i>			
Dept. of Corrections, Correctional Center – <i>Logan</i>			
Dept. of Corrections, Correctional Center – <i>Menard</i>			
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>			
Dept. of Corrections, Correctional Center – <i>Pontiac</i>			
Dept. of Corrections, Correctional Center – <i>Robinson</i>			
Dept. of Corrections, Correctional Center – <i>Shawnee</i>			
Dept. of Corrections, Correctional Center – <i>Sheridan</i>			

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**FINANCIAL & COMPLIANCE AUDITS** (Continued)

<b>AGENCY</b>	<b>F</b>	<b>C</b>	<b>DATE RELEASED</b>
Dept. of Corrections, Correctional Center - <i>Southwestern IL</i>			
Dept. of Corrections, Correctional Center – <i>Stateville</i>			
Dept. of Corrections, Correctional Center – <i>Tamms</i>			
Dept. of Corrections, Correctional Center – <i>Taylorville</i>			
Dept. of Corrections, Correctional Center – <i>Vandalia</i>			
Dept. of Corrections, Correctional Center – <i>Vienna</i>			
Dept. of Corrections, Correctional Center - <i>Western Illinois</i>			
Department of Corrections, Correctional Industries			
Dept. of Corrections, IL Youth Center – <i>Chicago</i>			
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>			
Dept. of Corrections, IL Youth Center – <i>Joliet</i>			
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>			
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>			
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>			
Dept. of Corrections, IL Youth Center – <i>Valley View</i>			
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>			
Department of Employment Security	x		02-28-01
Department of Financial Institutions	x	x	03-27-01
Department of Human Services	x		03-27-01
Department of the Lottery	x	x	02-28-01
Department of Military Affairs			
Department of Natural Resources			
Department of Public Aid			
Department of Revenue	x		03-20-01
Department of State Police	x	x	03-29-01
Department of Transportation			
Department of Veterans' Affairs – General Office			
Drycleaner Environmental Response Trust Fund Council	x	x	03-29-01
East St. Louis Financial Advisory Authority	x	x	02-28-01
Eastern Illinois University	x	x	03-29-01

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**FINANCIAL & COMPLIANCE AUDITS** (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Eastern Illinois University Alumni Association	x		02-22-01
Eastern Illinois University Foundation	x		02-22-01
Environmental Protection Agency	x	x	03-29-01
Environmental Protection Agency Trust Fund Commission	x	x	03-29-01
General Assembly – Retirement System	x	x	02-14-01
Governors State University	x	x	03-29-01
Governors State University Alumni Association	x		02-22-01
Governors State University Foundation	x		02-22-01
Health Care Cost Containment Council	x	x	03-14-01
Historic Preservation Agency	x	x	03-14-01
Illinois Community College Board	x	x	03-07-01
Illinois Community College System Foundation	x	x	03-07-01
Illinois Conservation Foundation	x	x	03-07-01
Illinois Development Finance Authority	x	x	03-22-01
Illinois Farm Development Authority	x	x	03-22-01
Illinois Health Facilities Authority	x	x	03-22-01
Illinois Housing Development Authority	x	x	03-22-01
Illinois Mathematics and Science Academy	x	x	03-14-01
Illinois Mathematics and Science Academy Fund	x		03-14-01
Illinois Medical District Commission			
Illinois Racing Board	x	x	03-14-01
Illinois Rural Bond Bank	x	x	03-22-01
Illinois State Board of Investment	x		02-14-01
Illinois State Board of Investment		x	03-27-01
Illinois State Toll Highway Authority			
Illinois State University	x	x	03-29-01
Illinois State University Foundation	x	x	03-29-01
Illinois Student Assistance Commission, Designated Account Purchase, Prepaid Tuition	x		03-20-01
Illinois Veterans' Home – Anna			

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**FINANCIAL & COMPLIANCE AUDITS** (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Veterans' Home – LaSalle			
Illinois Veterans' Home – Manteno			
Illinois Veterans' Home – Quincy			
Illinois Violence Prevention Authority			
Industrial Commission – Self Insurer's Fund	x		03-14-01
Joint Committee on Administrative Rules	x	x	03-27-01
Judges Retirement System	x	x	02-14-01
Judicial Inquiry Board			
Kankakee River Valley Area Airport Authority			
Law Enforcement Training Standards Board	x	x	03-29-01
Legislative Information System			
Liquor Control Commission	x	x	03-20-01
Northeastern Illinois University	x	x	03-29-01
Northeastern Illinois University Foundation	x		02-22-01
Northern Illinois University	x	x	03-20-01
Northern Illinois University Alumni Association	x	x	03-20-01
Northern Illinois University Foundation	x	x	03-20-01
Office of Banks and Real Estate	x	x	03-29-01
Petroleum Resources Board			
Pollution Control Board			
Prairie State 2000 Authority	x		03-27-01
Prisoner Review Board			
Property Tax Appeal Board		x	02-28-01
Secretary of State			
Sex Offender Management Board			
Southern IL University			
Southern IL University – Carbondale Alumni Association	x		02-22-01
Southern IL University – Carbondale Foundation	x		02-22-01
Southern IL University – Carbondale Foundation Evergreen	x		02-22-01
Southern IL University – Edwardsville Alumni Association	x		02-22-01

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**FINANCIAL & COMPLIANCE AUDITS** (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Southern IL University – Edwardsville Foundation	x		02-22-01
Southern IL University – Physicians & Surgeons, Inc.	x		02-22-01
Southern IL University – Edwardsville University Park	x		02-22-01
Southwestern Illinois Development Authority			
State Appellate Defender			
State Board of Education	x	x	03-20-01
State Employees’ Retirement System	x		02-14-01
State Fire Marshal	x	x	03-29-01
State Police Merit Board	x	x	03-29-01
State Universities Retirement System	x	x	02-14-01
State’s Attorney’s Appellate Prosecutor	x	x	03-29-01
Statewide Single Audit			
Teachers’ Retirement System	x	x	02-14-01
Treasurer – College Savings Pool			
Treasurer – Fiscal Officer			
Treasurer – Illinois Funds	x		03-07-01
University of Illinois	x	x	03-20-01
University of Illinois Alumni Association	x	x	03-20-01
University of Illinois Foundation	x	x	03-20-01
University of Illinois – Chicago HMO			
University of Illinois – Prairieland Energy, Inc.	x	x	03-20-01
University of Illinois – Wolcott, Wood & Taylor, Inc.	x	x	03-20-01
Western Illinois University	x	x	03-22-01
Western Illinois University Foundation	x		03-22-01



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## ***INFORMATION SYSTEMS AUDITS***

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2000.

<b><i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2001</i></b>	
•	Chicago State University
•	Comptroller
•	Department on Aging
•	Department of Central Management Services
•	Department of Central Management Services - BCCS 3 <sup>rd</sup> Party Review
•	Department of Children and Family Services
•	Department of Corrections
•	Department of the Lottery
•	Department of Natural Resources
•	Department of Public Aid
•	Department of State Police
•	Department of Veteran Affairs – General Office
•	Environmental Protection Agency
•	Illinois Housing Development Authority
•	State Board of Education
•	Teachers' Retirement System

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## ***EMERGENCY PURCHASES***

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 2001 and it contains one hundred filings with this Office.

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## ***CONTRACTUAL SERVICES CERTIFICATIONS***

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the third quarter of Fiscal Year 2001, the Auditor General received four certifications, all from the Office of the Secretary of State, each stating that a retiree had been hired on a contractual basis because the employee possesses unique expertise that is essential to the agency's operations.

Copies of these certifications and others received in previous quarters are on file in our Office.

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## ***AUDIT PROGRAM CHANGE***

I would like to inform the Commission of a recent change in our audit program concerning the Illinois Community College System Foundation (Foundation). At its inception, the Illinois Community College System Foundation, a not-for-profit organization, was considered a "corporate outgrowth" of the Illinois Community College Board (ICCB), a State agency. That characterization was based upon several conditions, including the fact that the Foundation's Board was comprised of and/or controlled by the ICCB and because the Foundation relied upon financial, staff and/or capital support from the ICCB. Since that time, the Foundation has made positive steps to establish itself as managerially and financially independent from the ICCB. Based on our most recent audit of the Foundation, we have determined that the Foundation is no longer a "corporate outgrowth" of the ICCB and, therefore, is no longer subject to our audits. However, should circumstances change in the future, we have reserved the right to reassess our responsibilities over the Foundation.

Yours truly,

**WILLIAM G. HOLLAND**  
Auditor General